

**CO-OPERATIVE FEDERATION OF VICTORIA LTD**

**FINANCIAL STATEMENTS**

**YEAR ENDED 30 JUNE 2002**

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**CO-OPERATIVE FEDERATION OF VICTORIA LTD****DIRECTORS' REPORT****To the members,**

Your Directors submit their report, together with the audited accounts of the Federation for the year ended 30 June 2002.

**DIRECTORS**

The Directors in office during the year and up to the date of this report are:

John Niel BLACK  
Peter Kenneth JAMIESON  
David Henry GRIFFITHS  
John Sylvester LUCKMAN  
Valerie Therese OGIER  
Christopher Dave GREENWOOD  
Anthony Francis O'SHEA (resigned December 2001)

**PRINCIPAL ACTIVITIES**

The principal activities of the Federation in the course of the financial year were:

- Maintaining relations with the Registry of Co-operatives,
- Publishing the *Victorian Co-operative News*,
- Providing and developing services for use by members,
- Conducting seminars,
- Participating in meetings of the Co-operatives Council of Australia, and
- Fostering co-operation between member co-operatives.

**OPERATING RESULTS FOR THE YEAR**

The net amount of the surplus of the Federation for the financial year after provision for income tax was \$8,856.

**ENVIRONMENTAL REGULATION**

The Co-operative's activities are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

**DIVIDENDS**

The Directors recommend that no amount should be paid by way of dividend. No amount has been paid or declared by way of dividend since the end of the previous financial year.

## REVIEW OF OPERATIONS

The Federation concluded the financial year with an operating surplus of \$8,856 after provision for income tax compared to a deficit of \$9,110 the previous year. Annual membership subscriptions decreased by \$3,038.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Federation over the year.

## AFTER BALANCE DATE EVENTS

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the Federation's operations for the next succeeding financial year.

## INFORMATION ON DIRECTORS

### **John Niel Black**

Past Chairman of the Federation  
30 years experience as Co-operative Director  
Appointed Director in 1998

### **Peter Kenneth Jamieson**

Executive Officer and Director  
North East Telecommunications Co-Operative Ltd  
Appointed Director in 2001

### **David Henry Griffiths**

Secretary of Co-operative Energy Ltd  
Chairman Co-op Federation of Victoria  
Appointed Director in 1995

### **John Sylvester Luckman**

Chairman YCW Co-op  
Delegate to Co-op Federation of Victoria since 1995  
Appointed Director in 1997

### **Valerie Therese Ogier**

Chairman Co-operative Purchasing Services Ltd since June 1994  
Appointed Director in 1996

### **Christopher Dave Greenwood**

Independent Director  
Editor of National Co-op Update  
Appointed Director in 2001

Seven board meetings were held during the 2001/2002 year. The attendances at board meetings were:

- D. Griffiths attended 7 out of 7 meetings
- N. Black attended 7 out of 7 meetings
- J. Luckman attended 6 out of 7 meetings
- V. Ogier attended 4 out of 7 meetings
- P. Jamieson attended 3 out of 7 meetings
- A. O'Shea attended 2 out of 3 meetings
- C. Greenwood attended 5 out of 7 meetings

#### **DIRECTORS AND EXECUTIVE OFFICERS EMOLUMENTS**

Directors are not paid any fees for services as a director. The Federation has a policy of reimbursing directors for travel expenses to board meetings.

Since the end of the previous financial year, no Director of the Federation has received or become entitled to receive a benefit, by reason of a contract made by the Federation with the Director or with a firm of which he/she is a member or with a company in which he/she has a substantial financial interest.

No director has an interest in a contract which the directors are entitled to a benefit which confers a right to call for or deliver shares in, or debentures of or interest in a registered scheme made available by the Federation or a related body corporate.


#### **INDEMNIFYING OFFICERS OR AUDITORS**

The Federation has paid a premium to insure directors and officers against liability for costs and expense incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of a director or officer of the Federation, other than conduct involving wilful breach of duty in relation to the Federation.

The Federation has not given or entered into an agreement to indemnify any person who is or has been an officer or auditor of the Federation in relation to defending legal proceedings.

This report is made in accordance with a resolution of the Board and is signed for and on behalf of the Directors.

Signed at Melbourne on the 14<sup>th</sup> day of August 2002.

.....

Director - ~~John Sylvester Luckman~~ DAVID GRIFFITHS

.....

Director - Valerie Therese Ogier

## CO-OPERATIVE FEDERATION OF VICTORIA LTD

OPERATING STATEMENT  
YEAR ENDED 30 JUNE 2002

	Notes	2002 \$	2001 \$
<b>INCOME</b>			
Grants Income	2	43,814	25,087
Seminar Fees		1,624	-
Interest Received		30	347
Membership Subscriptions		30,055	33,093
Publication Sales		4,076	575
Sundry Income		460	10
Annual Dinner		750	315
Workshops		5,118	-
		<u>85,927</u>	<u>59,427</u>
<b>EXPENSES</b>			
Annual Meeting		1,992	1,144
Auditors Remuneration	3	3,245	2,095
Banking Charges		144	222
Chairman's Expenses		1,718	1,608
Depreciation		363	183
Executive Officers Remuneration	4	19,036	31,987
Grant Expenditure		27,560	11,854
Honorarium		3,974	-
Insurance		2,596	2,228
Leasing Charges		-	656
Meeting Expenses		729	207
Seminar Expenses		-	917
Postage		2,526	2,128
Printing, Publishing & Photocopying Expenses		2,763	2,370
Stationery and Office Supplies		2,346	2,487
Sundry Expenses		754	2,515
Superannuation		1,400	2,176
Telephone, Fax & Internet		3,130	2,939
Training Reimbursement		950	-
Travel - Other		-	175
Website Expenses		-	692
Workcover		-	153
Workshop Fees		-	300
		<u>75,226</u>	<u>69,036</u>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<u>10,701</u>	<u>(9,609)</u>

The accompanying notes form part of the accounts.

## CO-OPERATIVE FEDERATION OF VICTORIA LTD

PROFIT AND LOSS ACCOUNT  
YEAR ENDED 30 JUNE 2002

	Notes	2002 \$	2001 \$
Operating Surplus/(Deficit) before Income Tax		10,701	(9,609)
Income Tax (Expense)/Benefit Attributable to Operating Deficit	5	<u>(1,845)</u>	<u>499</u>
Operating Surplus/(Deficit) After Income Tax		8,856	(9,110)
Retained Surplus at the beginning of the Financial Year		<u>8,441</u>	<u>17,551</u>
Retained Surplus at the end of the Financial Year		<u><u>17,297</u></u>	<u><u>8,441</u></u>

The accompanying notes form part of the accounts.



## CO-OPERATIVE FEDERATION OF VICTORIA LTD

BALANCE SHEET  
AS AT 30 JUNE 2002

	Notes	2002 \$	2001 \$
<b>CURRENT ASSETS</b>			
Cash at Bank			
Commonwealth Bank		22,916	52,508
Stock of Publications		7,802	2,022
Accrued Income		-	310
Sundry Debtors		600	720
<b>Total Current Assets</b>		<u>31,318</u>	<u>55,560</u>
<b>NON-CURRENT ASSETS</b>			
Investments			
- Community Enterprise Network (at cost)		10	10
CPS Ltd (at cost)		10	10
Office Furniture and Equipment (at WDV)	6	494	-
Future Income Tax Benefit	5	579	499
<b>Total Non-Current Assets</b>		<u>1,093</u>	<u>519</u>
<b>TOTAL ASSETS</b>		<u>32,411</u>	<u>56,079</u>
<b>CURRENT LIABILITIES</b>			
Sundry Creditors		3,364	6,382
Grant Income Not Yet Expended		8,119	37,933
Provision for Annual Leave		-	1,587
Provision for Income Tax		1,925	-
<b>Total Liabilities</b>		<u>13,408</u>	<u>45,902</u>
<b>NET ASSETS</b>		<u>19,003</u>	<u>10,177</u>
<b>SHAREHOLDERS EQUITY</b>			
Share Capital	7	650	660
Forfeited Share Reserve	8	740	760
Statutory Reserve		316	316
Retained Surplus		17,297	8,441
<b>Total Shareholders Equity</b>		<u>19,003</u>	<u>10,177</u>

The accompanying notes form part of the accounts.



## CO-OPERATIVE FEDERATION OF VICTORIA LTD

STATEMENT OF CASHFLOWS  
YEAR ENDED 30 JUNE 2002

	Notes	2002 \$ Inflows (Outflows)	2001 \$ Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from operating activities	9(b)	57,399	109,253
Cash Payments from operating activities		(86,194)	(82,856)
Interest Received		90	347
Net Cash Provided (Used) by Operating Activities		<u>(28,705)</u>	<u>26,744</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant & equipment		<u>(857)</u>	<u>-</u>
Net Cash Provided/(Used) by Investing Activities		<u>(857)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Redemption of share capital		(50)	-
Share capital received		<u>20</u>	<u>60</u>
Net Cash Provided by Financing Activities		<u>30</u>	<u>60</u>
Net increase/(decrease) in cash held		(29,592)	26,804
Cash at the beginning of the financial year		<u>52,508</u>	<u>25,704</u>
Cash at the end of the financial year	9(a)	<u>22,916</u>	<u>52,508</u>

The accompanying notes form part of the accounts.

**CO-OPERATIVE FEDERATION OF VICTORIA LTD****NOTES TO AND FORMING PART OF THE ACCOUNTS  
YEAR ENDED 30 JUNE 2002****1. Statement of Accounting Policies****a) Basis of Accounting**

The Co-operative Federation of Victoria Ltd is not a reporting entity because in the Directors' opinion there are unlikely to exist users who are unable to command the preparation of reports tailored so as to satisfy specifically all their information needs, and these accounts are therefore a "Special Purpose Financial Report" that has been prepared solely to meet the Co-operatives Act 1996 requirements to prepare accounts.

The accounts have been prepared in accordance with the applicable Accounting Standards and other mandatory professional reporting requirements and the requirements of the Co-operatives Act 1996 with the exception that Accounting Standards AASB 1026 (Statement of Cash Flows) has not been adopted.

The accounts have been prepared under the historical cost convention and, therefore, do not take into account changing money values or, except where stated, the current value of monetary assets.

The accounting policies adopted are consistent with those applied in the previous year.

**b) Plant and Equipment**

Plant and equipment are included at cost. All assets are depreciated over their useful lives by the straight line method.

**c) Income Tax**

The Co-operative Federation of Victoria Ltd adopts the liability method of tax-effect accounting whereby the income tax expense shown in the profit and loss account is based on the operating profit before income tax adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expenses are included in the determination of operating profit before income tax and taxable income, are brought to account as either a provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable. Future income tax benefits relating to timing differences are not brought to account unless realisation of the asset is assured beyond reasonable doubt.

## CO-OPERATIVE FEDERATION OF VICTORIA LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS  
YEAR ENDED 30 JUNE 2002

	2002 \$	2001 \$
<b>2. Grant Income</b>		
(i) Office of Fair Trading		
Unearned Income Brought Forward	15,413	8,020
Received during year	14,000	25,000
less: Unexpended at 30 June	<u>(8,119)</u>	<u>(15,413)</u>
	<u>21,294</u>	<u>17,607</u>
(ii) Department of Natural Resources		
Unearned Income Brought Forward	22,520	-
Received during year	-	30,000
less: Unexpended at 30 June	<u>-</u>	<u>(22,520)</u>
	<u>22,520</u>	<u>7,480</u>
Total Grant Income	<u>43,814</u>	<u>25,087</u>
<b>3. Auditors' Remuneration</b>		
Charging as Expense		
Auditors' remuneration		
(i) auditing of accounts - current year	770	715
(ii) other services	<u>2,475</u>	<u>1,380</u>
	<u>3,245</u>	<u>2,095</u>
<b>4. Executive Officers Remuneration</b>		
Comprised:		
Salary	17,183	21,340
Travel Reimbursement	1,853	3,130
Grant Remuneration (Office of Fair Trading)	-	5,930
Annual Leave Provided	<u>-</u>	<u>1,587</u>
	<u>19,036</u>	<u>31,987</u>

## CO-OPERATIVE FEDERATION OF VICTORIA LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS  
YEAR ENDED 30 JUNE 2002

	2002 \$	2001 \$
<b>5. Income Tax Expense</b>		
a) The prima face tax payable on operating surplus is reconciled to the income tax provided in the accounts as follows:		
Operating Surplus/(Deficit) before Income Tax	10,701	(9,609)
<u>Less</u> Exempt Income	(26,479)	(34,083)
<u>Add</u> Expenses incurred in deriving Exempt Income	22,193	39,872
Taxable Income (Loss)	<u>6,415</u>	<u>(3,820)</u>
Tax effect at company tax rate	1,925	-
Increase in Future Income Tax Benefit	(80)	(315)
Future Income Tax Benefit Carried Forward	<u>-</u>	<u>(184)</u>
<b>Income Tax Expense/(Benefit)</b>	<u>1,845</u>	<u>(499)</u>
b) The Income Tax expense/(benefit) comprises amounts set aside as:		
Provision for Income Tax Payable	1,925	-
Future Income Tax Benefit	<u>(80)</u>	<u>(499)</u>
	<u>1,845</u>	<u>(499)</u>
Future Income Tax Benefit relates to:		
• Timing Differences	<u>579</u>	<u>499</u>
<b>6. Property, Plant &amp; Equipment</b>		
Office Furniture and Equipment		
At Cost	2,636	1,779
Accumulated depreciation	<u>(2,142)</u>	<u>(1,779)</u>
	<u>494</u>	<u>-</u>
<b>7. Share Capital</b>		
Issued capital: 325 shares (2001: 330) shares	<u>650</u>	<u>660</u>
<b>8. Movement in Reserves</b>		
Forfeited Share Reserve:		
Net transfer to Share Capital	<u>(20)</u>	<u>-</u>

## CO-OPERATIVE FEDERATION OF VICTORIA LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS  
YEAR ENDED 30 JUNE 2002

	2002 \$	2001 \$
<b>9. Cashflow Statement Information</b>		
(a) Reconciliation of Cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:		
Cash at Bank – Commonwealth Bank	<u>22,916</u>	<u>52,508</u>
(b) Reconciliation of operating surplus/(loss) to net cash flows from operation as follows:		
Operating Surplus/(Deficit)	8,856	(9,110)
Depreciation	363	183
Increase in stock	(5,782)	491
Increase/(decrease) in accrued income	310	609
Decrease in sundry debtors	120	(720)
(Increase)/decrease in sundry creditors	(3,016)	4,306
Increase in FITB	(80)	(315)
Increase/(decrease) in unearned income	(29,814)	29,713
Increase in provision for tax	1,925	-
Increase/(decrease) in provision for annual leave	(1,587)	1,587
Cash flows from operations	<u>(28,705)</u>	<u>26,744</u>

## CO-OPERATIVE FEDERATION OF VICTORIA LTD

## DIRECTORS DECLARATION

In accordance with a Resolution of the Directors of the CO-OPERATIVE FEDERATION OF VICTORIA LTD we do hereby state that in the opinion of the Directors, the accompanying Profit and Loss Account is drawn up so as to give a true and fair view of the performance of the Federation for the financial year ended 30 June, 2002 and the accompanying Balance Sheet is drawn up so as to give a true and fair view of the state of affairs of the Federation as at 30 June, 2002.

Signed at Ballarat this 14<sup>th</sup> day of August, 2002 in accordance with a resolution of Directors.

  
.....  
Director - David Griffiths

  
.....  
Director - ~~John Black~~ VALERIE OGIER



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
CO-OPERATIVE FEDERATION OF VICTORIA LTD**

**Scope**

We have audited the accounts being the Declaration by Directors, Profit and Loss Account and Balance Sheet and Notes to Accounts of Co-operative Federation of Victoria Ltd for the year ended 30 June, 2002. The Federation's directors are responsible for the preparation and presentation of the accounts and the information they contain. We have conducted an independent audit of these accounts in order to express an opinion on them to the members of the Federation.

Our audit has been conducted in accordance with Australian Auditing Standard to provide reasonable assurance as to whether the accounts are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the accounts, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements and statutory requirements, so as to present a view which is consistent with our understanding of the Federation's financial position and the results of its operations.

The audit opinion expressed in this report has been formed on the above basis.

**Opinion**

In our opinion, the financial report of the Federation is properly drawn up in accordance with:-

- a) The Corporations Law, including:
  - i) giving a true and fair view of the Federation's position as at 30 June 2002 and of the performance for the year ended on that date, and
  - ii) complying with Accounting Standards and the Corporations Regulations.
- b) The Provisions of the Co-Operatives Act 1996.
- c) Other mandatory professional reporting requirements.

Signed at Ballarat this 16<sup>th</sup> day of August 2002

.....*Prowse, Perrin & Twomey*.....  
 PROWSE, PERRIN & TWOMEY  
 Certified Practising Accountants

.....*Tim Bunning*.....  
 Tim Bunning (CPA)